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MEDIUM-TERM PROGRAMME FRAMEWORK, 2000-2003

Preview of the medium-term programme framework, 2000-2003, and preliminary indicative general ceiling for the programme and budgets, 2000-2001.

Proposals of the Director-General

Introduction

1. It is recalled that the General Conference, at its sixth session, decided to rename the "medium-term plan" the "medium-term programme framework" (MTPF) and to reduce its period of coverage from six to four years (GC.6/Dec.10).

2. In view of the ongoing transformation of UNIDO and the adoption of the Business Plan on the Future Role and Functions of UNIDO (IDB.17/Dec.2), the General Conference, at its seventh session, decided that the MTPF, 1998-2001 was no longer applicable. The Director-General was thus requested to submit to the fifteenth session of the Programme and Budget Committee, a revised MTPF, 2000-2003, as concise as possible and closely linked to the new programmatic framework of the programme and budgets (GC.7/Dec.15, (e)).

3. The Conference also requested the Director-General to present to the Board at its twentieth session a preview of the revised MTPF, 2000-2003 and a preliminary indicative general ceiling for the programme and budgets, 2000-2001 (GC.7/Dec.15, (g)). The preview is provided in the present document. It is kept as brief as possible and seeks only to present to Member States the principles that will guide the medium-term programme of UNIDO and which will be specified in the document to be submitted to the fifteenth session of the Committee.

I. GENERAL ORIENTATION AND BASIC PRINCIPLES

4. The year 1998 is the final year of a major transformation process of UNIDO that has encompassed changes in the organizational structure, budgetary adjustments, efficiency-enhancing measures, streamlined

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procedures, decentralization and delegation of authority, and the definition of new programmatic priorities for the Organization's services. The year 1999 will see the systematic application of the new programmatic focus and the related new management principles. Performance will be measured through a set of transparent indicators and lessons learned therefrom will guide the Organization's work in the period covered by the revised MTPF.

5. Within the framework of the Secretary-General's reform initiatives, UNIDO will sharpen its profile as the central coordinating agency in the field of industrial development. As part of system-wide mechanisms, such as the United Nations Development Assistance Framework (UNDAF), UNIDO will focus on elaborating and implementing comprehensive support programmes and enhancing international industrial cooperation. The Organization, based on strategic cooperation agreements with other United Nations organizations, will act as an effective player in United Nations country teams and ensure that industrial development is an integral element of overall United Nations country support programmes.

6. The revised MTPF will be presented on the basis of the Business Plan and will be structured, in its substantive parts, around the new integrated services of UNIDO. These integrated services—which may be subject to further fine tuning in consultation with Member States—in principle encompass:

Industrial Governance;
Industrial Export Capacity-building;
Industrial Information Networking;
International Industrial Partnerships;
Quality and Certification for Industrial Competitiveness;
Cleaner Industry and Environment;
Efficient Energy Development;
Agro-related Industrial Development;
Local Industrial Development; and
Women Entrepreneurship Development.

7. The revised MTPF will also elaborate on the introduction of innovative managerial tools, such as the creation of an internal exchange mechanism for the different components of the integrated services of UNIDO. This approach is aimed at harnessing the full potential of UNIDO to deliver service packages in response to complex industrial development problems in different recipient countries and to better coordinate UNIDO's work with that of other United Nations organizations.

8. Each integrated service will reflect the dual role of UNIDO as a global forum and as a provider of specialized technical cooperation. Both roles are closely interlinked and complementary. For example, lessons learned through implementing technical cooperation services often provide valuable information and insight for dissemination to industrial policy makers and support institutions throughout the developing world. Conversely, policy-level debates on new approaches to industrial development may often lead to reorienting specific country-level technical cooperation projects. Through a clear action-orientation and a further focusing of its research work during the MTPF period, UNIDO will continue to strengthen synergies between its two fundamental roles and thereby achieve a stronger development impact.

9. In terms of regional and country priorities, the revised MTPF will emphasize UNIDO's support to African countries and least developed countries and, in this context, will introduce special mechanisms to ensure an adequate geographical concentration of UNIDO activities in accordance with the Business Plan. Targeted support approaches will also be developed for other developing regions and for the countries with economies in transition with particular attention to enhancing intra-regional and interregional cooperation in the framework of economic and technical cooperation among developing countries.

10. Efforts to further diversify the sources of funding for technical cooperation activities will be an important element of the revised MTPF. In particular, the Organization will increase its funds mobilization efforts in, and jointly with, the beneficiary countries where essential decision-making authority frequently lies. This is valid not only for bilateral donor funds but also for funds from development finance institutions, self-financed activities and UNDP financing.

11. The revised MTPF will give special emphasis to further strengthening UNIDO's field representation through appropriate means, including the temporary and/or permanent outposting of substantive staff to field offices depending on the size and scope of individual country and/or subregional support programmes.

II. PROGRAMME AND BUDGETS, 2000-2001 (INCLUDING GENERAL CEILING)

12. In the programme and budgets, 2000-2001, UNIDO intends to continue improving the presentation of programmatic activities and outputs, including their interlinkages in achieving broad objectives and development impact. In so doing, the overarching framework and point of reference will be the new integrated UNIDO services outlined in paragraph 6 above. In the budgeting process, more emphasis will be placed on the setting of objectives and the achievement of results. Results-oriented performance indicators will be further developed to enable a transparent monitoring of progress.

13. Objectives/results-based budgeting must be matched by delegation of authority and flexibility in the use of resources. Therefore, more emphasis will be placed in the budgeting process on the overall financial allocations to programmes rather than on specific items of expenditure. This will, in turn, call for more accountability from programme managers in the actual utilization of resources. Regarding the issue of increased flexibility in the allocation of budgetary resources, the Secretariat will seek the guidance of the intersessional group on proposed amendments to the financial regulations of UNIDO with a view to amending financial regulations 4.3(b) and 4.3(c) that govern the transfer of expenditures.

14. Concerning the issue of the general ceiling for the 2000-2001 regular budget, it needs to be recalled that UNIDO has undergone a series of budgetary reductions in recent years, culminating in the 20 per cent decrease applied in the 1998-1999 regular budget. Concurrently, there is a growing demand in all developing regions for the Organization's refocused and better integrated services. Many substantive priority programmes, and also the much needed strengthening of UNIDO's field representation, are seriously constrained by the Organization's reduced budget.

15. While the budgetary resource endowment is thus placing narrow limits on the Organization's capacity to deliver essential services and ensure their impact, the Director-General recognizes the financial constraints faced by Member States in their national budgets. With these considerations in mind, the Director-General intends to propose for the 2000-2001 regular budget a general ceiling representing zero real growth.

III. ACTION REQUIRED OF THE COMMITTEE

16. The Committee may wish to recommend to the Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recalls General Conference decision GC.7/Dec.15, (g);

"(b) Takes note of the preview of the medium-term programme framework, 2000-2001 and the preliminary indicative general ceiling for the programme and budgets, 2000-2001 representing zero real growth, contained in document IDB.20/9-PBC.14/8;

"(c) Requests the Director-General to submit to the Programme and Budget Committee, at its fifteenth session, a revised medium-term programme framework, 2000-2003, in line with the principles established in document IDB.20/PBC.14/8."